

ANNEX A to the PROGRAM GRANT AGREEMENT

Program Implementation Description

Country:	Kingdom of Lesotho
Proposal Name:	Preventing HIV and Mitigating Impact of AIDS among Orphans and Vulnerable Children in Lesotho
Proposal Number:	R7-CCM-LSO-H
Program Title:	Preventing HIV and Mitigating Impact of AIDS among Orphans and Vulnerable Children in Lesotho
Grant Number:	LSO-708-G05-H
Disease:	HIV/AIDS
Principal Recipient:	Ministry of Finance and Development Planning of the Government of the Kingdom of Lesotho

Capitalized terms and acronyms used but not defined in this Annex A or the attachments to this Annex A have the meaning given to them in the Standard Terms and Conditions of this Agreement.

In the event of any conflict between the terms of this Annex A and any provision of the Standard Terms and Conditions of this Agreement, the terms of this Annex A shall prevail.

A. PROGRAM DESCRIPTION

1. Background and Summary:

At 24% of the general population, Lesotho has the third highest HIV prevalence rate in the world. Deaths from HIV and AIDS, estimated at 560 per week, have left in their wake a growing number of orphaned and vulnerable children. The country holds the unenviable record of possibly having the highest proportion of orphans and vulnerable children in the world.

Recent estimates point out to approximately 185,000 orphans from a total child population of approximately one million (UNICEF and national census data). In 2006, over 15,000 children (aged 0-14) were estimated to have been infected with HIV. According to UNAIDS, 12% of new infections in Lesotho occurred among children aged 0-14 years – nine out of ten due to mother to child transmission.

Children remain at the epicenter of the HIV/AIDS epidemic in Lesotho, also accounting for high proportion of all new infections. HIV prevalence among 15-19 year olds stands at 5.3%. Young women of the same age group (7.9%) have exceptionally higher prevalence rates than young men (2.3%). Sexual activity, the main route of transmission of HIV/AIDS, begins in early adolescence for the majority of people. Yet young people remain alarmingly uninformed about the most basic facts regarding HIV/AIDS and its prevention: less than one third of the youth are able to correctly identify ways of preventing the HIV/AIDS transmission through sex and reject major misconceptions about the HIV/AIDS transmission. The situation is further compounded by the fact that 16.3% of females and 29.7% of males in the 15-19 age group reported having had sex at or before the age of 15 (DHS, 2004). Condom use is also low: about half of the young people aged 15-19 reported using condoms during the last sexual intercourse with a non-regular partner.

The Program intends to increase access of children in Lesotho to information, education (including vocational training and entrepreneurship) and the other services necessary to develop life skills required to reduce their vulnerability to HIV/AIDS infection.

Whilst concerted efforts by a range of actors including the civil society, the Government of Lesotho, bilateral and multilateral agencies have been made to date in responding to the crisis of OVC in the country, their increasing numbers and vulnerability point to an urgent need for a more robust, holistic and comprehensive response. The European Union has committed USD \$14.1 million as a contribution to increasing access to appropriate community care and support for approximately 60,000 OVC. In addition, the Global Fund investments from Round 2 HIV/AIDS grant have been committed to support prevention interventions among young people. However, the scale of prevention needs among young people in Lesotho necessitates increased investments.

This Program is intended to complement the current level of support by reaching additional children as well as addressing other national priorities articulated in the National Plan of Action for OVC for the period 2006-2010. In addition, a significant component will be directed to the expansion of PMTCT thereby increasing the number of facilities that are able to offer PMTCT services.

2. **Goal:** To reduce the spread and mitigate the impact of HIV and AIDS among orphans and vulnerable children.

3. **Target Group/Beneficiaries:**

- Orphans and Vulnerable Children
- Pregnant Women and their babies

4. **Strategies:**

- Prevention of Mother to Child Transmission of HIV (PMTCT)
- Behavioral Change Communications (BCC) community outreach
- Youth education and prevention through life skills and peer education
- Condom distribution
- Care and support for Orphans and other Vulnerable Children (OVC)
- Anti-retroviral Treatment (ART) and Monitoring
- HIV Counseling and Testing
- Policy development
- Information systems and operational research
- Education and training for Orphans and other Vulnerable Children
- Strengthening of Health Systems

5. **Planned Activities:**

- Scale up the provision of PMTCT Services
- Promote appropriate infant and young child feeding practices to reduce post-natal transmission of HIV
- Strengthen supervisory and monitoring capacity for PMTCT at central and district levels
- Expand life-skills based education in primary and secondary schools
- Expand life-skills based education for out of school children
- Establish a registration system for OVC
- Implement OVC exemption system for health and educational services
- Develop sustainable food security and livelihoods interventions

- Increase access to pediatric HIV and AIDS care and treatment
- Support residential care facilities, places of safety and homes for OVC
- Strengthen reporting and referral systems of the Child and Gender Protection Units
- Scale up of Child Helpline
- Disseminate and sensitize communities about care and support for OVC
- Provide school fees, books, stationary and examination fees for secondary schools OVC
- Provide vocational training for OVC
- Provide support to OVC with special needs
- Strengthen civil and institutional capacity to effectively monitor and evaluate national response to OVC

B. CONDITIONS PRECEDENT TO DISBURSEMENT

1. Condition(s) Precedent to First Disbursement (Terminal Date as stated in block 7A of the Face Sheet)

The first disbursement of Grant funds is subject to the satisfaction of each of the following conditions:

- a. the delivery by the Principal Recipient to the Global Fund of a statement confirming the bank account into which the Grant funds will be disbursed as indicated in block 10 of the face sheet of this Agreement;
- b. the delivery by the Principal Recipient to the Global Fund of a letter signed by the Authorized Representative of the Principal Recipient setting forth the name, title and authenticated specimen signature of each person authorized to sign disbursement requests under Article 10 of the Standard Terms and Conditions of this Agreement and, in the event a disbursement request may be signed by more than one person, the conditions under which each may sign;
- c. the delivery by the Principal Recipient to the Global Fund of an organigram, detailing roles and responsibilities, of the Child Welfare Unit within the Department of Social Welfare, the main Sub-recipient in charge of managing the implementation of the Consolidated OVC Work Plan as described under section B.2.a below (the "Child Welfare Unit Organigram");
- d. the delivery by the Principal Recipient to the Global Fund a capacity building plan of the Child Welfare Unit within the Department of Social Welfare, the main Sub-Recipient that will be in charge of managing the implementation of the Consolidated OVC Work Plan as described under section B.2.a below (the "Child Welfare Unit Capacity Building Plan");
- e. the written approval of the Global Fund, upon verification by the Local Fund Agent, of the Child Welfare Unit Organigram and the Child Welfare Unit Capacity Building Plan; and
- f. the delivery by the Principal Recipient of a plan, in form and substance acceptable to the Global Fund upon verification by the Local Fund Agent, outlining the organization, the roles and responsibilities and relevant processes of all aspects of financial management, including the financial monitoring of the Sub-recipients, of the Project Accounting Unit (PAU) within the Ministry of Health and Social Welfare and the Global Fund Coordinating Unit (financial function) of the Ministry of Finance and Development Planning.

2. Condition(s) Precedent to Second Disbursement (Terminal Date as stated in block 7B of the Face Sheet)

The second disbursement of Grant funds is subject to the satisfaction of the following conditions:

- a. the delivery by the Principal Recipient to the Global Fund of a consolidated work plan, budget and performance framework, in form and substance acceptable to the Global Fund, for the implementation and management of the complementary activities focusing on Orphans and Vulnerable Children as funded under this Grant, the European Union funded and UNICEF managed program and any other funding stream as relevant (the "Consolidated OVC Work Plan");
- b. the delivery by the Principal Recipient to the Global Fund of the National Monitoring and Evaluation (M&E) Plan relating to activities involving Orphans and Vulnerable Children in Lesotho; and
- c. the delivery by the Principal Recipient to the Global Fund of evidence, in form and substance acceptable to the Global Fund, that routine data collection, reporting and data quality assurance procedures and guidelines and standard templates and forms are in place and functioning.

C. SPECIAL TERMS AND CONDITIONS FOR THIS AGREEMENT

1. Not later than 15 August 2008, the Principal Recipient shall deliver to the Global Fund a plan, in form and substance acceptable to the Global Fund, to build monitoring and evaluation capacity and systems at the Ministry of Health and Social Welfare at all levels of the grant interventions, including the Family Planning Unit, Department of Social Welfare, District Child Protection Teams and Community Service Providers (the "M&E Capacity Building Plan"). The M&E Capacity Building Plan shall also include key recommendations for continued strengthening of the monitoring and evaluation function and respective timelines for the Program Term.
2. Not later than six months after the Program Starting Date, and every six months after that, the Principal Recipient shall submit to the Global Fund a report, in form and substance acceptable to the Global Fund, setting out the progress on the implementation of the Consolidated OVC Work Plan as described in Section B.2.a of this Annex A, including against individual targets set in the performance framework.
3. At the time of the submission of the Request for Continued Funding (Phase 2 Extension Request) by the Lesotho Country Coordinating Mechanism, the Principal Recipient shall submit to the Global Fund a plan for the procurement, use and supply management of the Health Products (as defined in Article 19 of the Standard Terms and Conditions of this Agreement) for Years 3 to 5 of the Program (the "Phase 2 PSM Plan"). The Phase 2 PSM Plan is subject to the approval by the Global Fund upon verification by the Local Fund Agent.

D. FORMS APPLICABLE TO THIS AGREEMENT

For purposes of Article 15b(i) of the Standard Terms and Conditions of this Agreement entitled "Periodic Reports," the Principal Recipient shall use the "On-going Progress Update and Disbursement Request", available from the Global Fund upon request.

E. ANTICIPATED DISBURSEMENT SCHEDULE

For the purposes of Article 10a. of the Standard Terms and Conditions of this Agreement, the anticipated disbursement schedule for the Program shall be quarterly starting from the Phase I Starting Date.